

# Tax center answers common questions

The base tax center has assisted more than 1,000 customers so far this tax season. The following information answers the most common questions Liberty Wing members are asking.

❑ This year, the **Foreign Earned Income, Form 2555**, can be electronically filed. Form 2555 EZ can speed up the process. Remember, any income earned outside of the United States must be claimed on your Federal Income Tax Return using one of these forms.

❑ **U.S. spouses who work on the British economy** and pay British tax will not be taxed again by U.S. tax authorities. They must fill in the U.S. Tax Form 2555 or 2555 EZ, Foreign Earned Income, but will not be taxed again on the same income.

❑ **Spouses who work as child-care providers** in their own home are regarded as self-employed by the British Inland Revenue Office. Although they may not earn enough to have to pay income tax, they should still register with the local tax office. The personal allowance which can be earned before taxes is £3,765. That will go up to £4,045 April 5. Remember that the British tax year is from April to April of the following year. The local tax office address is Inland Revenue, Dereham District, Revenue Building, 24 Church Road, East Dereham, Norfolk NR19 1DP. Their telephone number is (01362) 655200. People should write or call that office for clarification of British tax rules.

❑ **People who wish to file returns electronically** should bring the following documents and information to the tax center: W-2s; 1099s; bank routing numbers and account numbers; and the Social Security numbers or individual taxpayer identification numbers for all people being claimed as exemptions.

❑ **If claiming child-care expenses**, people must have the Social Security number or employer identification number of the child-care provider.

❑ **People filing electronically as married** must be present to sign all applicable forms.

❑ As military members overseas, there is an **automatic extension to file** a federal tax



Photo by A1C Robert H. Gerlach

**Tax center volunteers, Shelly Hoxie and 1st Lt. Eric Hoxie, 48th Security Police Squadron, take part in an IRS training class.**

return. If a refund is expected, the return does not have to be post marked until June 15. If a payment must accompany the return, the extension of June 15 is the same, except penalties and interest begin to accrue April 15.

❑ Income tax returns must have a **Social Security number or individual taxpayer identification number** for every person listed as an exemption, deduction or credit on any form or schedule. The only exception is a child born in December. In this case, the Social Security number is not required but people must note this on the form. In this case, the form can't be filed electronically. The tax center assists people with the return. People who use British child-care providers can't file electronically because they normally don't have Social Security numbers or individual taxpayer identification numbers.

❑ People must have an **individual taxpayer identification number** before filing Federal Income Tax Returns if they intend to claim anyone as an exemption, deduction or credit that do not have a Social Security number. In order to obtain this number, people must file a W-7

form. This process requires two identification documents that reflect the person's signature, photograph and connection to the American citizen or military member. Some of the documents that may be used are a passport, military identification card, birth certificate or marriage certificate. The forms may be obtained between 1 and 4 p.m. Mondays - Thursday at the legal office, Bldg. 1082.

❑ **Appointments at the tax center** are taken up to two weeks in advance. Walk-ins are welcome for 1040EZ and 1040A. People should arrive at the center before 3 p.m.

❑ To qualify for the **Earned Income Credit**, people must have lived in the United States during the 1996 tax year and be an active-duty military member applying for the credit.

❑ **Box 13 on military members' W-2 form** should have a Q and a dollar amount. This amount is automatically calculated by Finance and it pertains to Basic Allowance for Subsistence, Basic Allowance for Quarters and combat pay.

For more information, call TSgt. Debra Gallegos or Diane Butler at Ext. 1805.

## COLA

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change was effective Feb. 16, members can expect to see an additional reduction in OHA in March. The March reduction, however, will be spread over two pay periods. COLA will appear unaffected due to March having 31 days vs. the 28 in February.

Not related to the rate change but affecting all enlisted members, basic allowance for subsistence will drop by \$22 in February due to BAS being paid on a daily basis and February having three less days than January.

### Examples of COLA and OHA rate reductions

	COLA	OHA	February Total	March OHA
E-3 with 3 years and 1 dependent	-\$76.00	-\$24.50	-\$100.50	-\$28.50
E-5 with 6 years and 3 dependents	-\$96.98	-\$24.50	-\$121.48	-\$26.50
O-3 with 6 years and 0 dependents	-\$107.52	-\$45.75	-\$153.27	-\$36.25
O-4 with 12 years and 3 dependents	-\$158.15	-\$54.00	-\$212.15	-\$45.00

Examples are based on maximum rental rates in effect on Feb. 1. Remember: if the utility/maintenance allowance was not increased, OHA would have been reduced an additional \$33 for members with dependents and \$24.75 for members without.